

TO: Chairman and Members

DATE: September 13, 2012

**SUBJECT: Informational Report on Bureau of State Audits
Report on the Youthful Offender Block Grant to be Released
September 11, 2012**

AGENDA ITEM: D

**ACTION:
INFORMATION: X**

RESOURCE PERSON: Kimberly Bushard

Issue: The purpose of this report is to provide the Board with an overview of the findings and recommendations in the recently released Bureau of State Audits report on the Youthful Offender Block Grant (YOBG) Program. The full report prepared by the Bureau of State Audits will be placed on the November BSCC Board Meeting Agenda for discussion in order for Board members to have ample time to review the report in advance of that meeting.

Background: On August 8, 2011, the Joint Legislative Audit Committee approved a request from Assembly Member Alyson Huber to conduct an audit of the YOBG Program. Consistent with that action, the Bureau of State Audits (BSA) began its work in February 2012. On August 15, 2012, the Board of State and Community Corrections (BSCC) received BSA's report of audit findings and recommendations and was given five days to formulate a response. The final audit report, along with BSCC's response is set for public release on September 11, 2012. The title of the report is "Juvenile Justice Realignment: Limited Information Prevents a Meaningful Assessment of Realignment's Effectiveness."

Pursuant to the legislation that created the YOBG Program, the BSCC has three major responsibilities: (1) to annually collect information regarding each county's planned YOBG expenditures; (2) to annually collect and report to the Legislature information regarding each county's actual YOBG expenditures; and (3) to annually collect and report to the Legislature on outcomes pertaining to the youth who receive one or more placements, services, programs, etc. that are funded in whole or in part by YOBG. The BSCC has no fiduciary responsibility with regard to YOBG expenditures and up until July 1, 2012, when the BSCC was established, had no responsibility to guide policy with regard to the larger issue of juvenile justice realignment.

The BSCC uses three different data collection instruments to collect information on planned YOBG expenditures, actual YOBG expenditures, and outcomes for juveniles who are recipients of YOBG-funded placements, services, programs, etc. The BSCC has met its obligation to annually collect information and report on planned and annual YOBG expenditures and outcomes despite receiving no resources to do so. Previous BSCC initiated requests to obtain administrative resources for this program have been denied. As a result, the BSCC has met these obligations to report on a program that allocates approximately \$93 million a year to counties, by redirecting part of a Field Representative's time and using a contract researcher.

BSA identified a number of perceived shortcomings in the methods and procedures used by the BSCC to collect and report on YOBG expenditures and outcomes. In many instances BSCC staff concur with BSA's observations and if the resources were available, could address some of the shortcomings, as recommended. In other instances, BSCC staff do not agree with BSA's observation or recommendation.

BSA's Recommendations and Criticisms:

- Create policies and procedures that include clear, comprehensive guidance to counties about all aspects of outcome and expenditure reporting.
- Consider verifying the counties' data by conducting regular site visits on a rotational basis or by employing other procedures to verify data that counties submit.
- Publish expenditure data for each county on its website and in its annual reports.
- Publish performance outcome data for each county on its website and in its annual reports.
- The BSCC has never taken any enforcement action against counties because the BSCC believes the State Controller's Office is the fiduciary agent for the block grant.
- Because outcome data are collected only for high risk juveniles, i.e., juveniles with a recent adjudication for a felony offense, the results reported for outcomes are not reflective of the results one might expect if based on the full range of youth who receive YOBG services, including less serious offenders and at-risk youth, and are subject to misinterpretation with regard to effects of realignment.
- The BSCC's annual reports to the Legislature are characterized by BSA as using a flawed methodology in which outcome results for youth who were the beneficiaries of some YOBG funding are compared with the outcome results for youth who were not the beneficiaries of YOBG funding, potentially misleading decision makers by making it appear that realignment has not been effective. As an example, BSA notes the results in the first two annual reports showed a significantly higher percentage of YOBG-funded youth received a new felony adjudication, "...which implies that the block grant actually increases the likelihood that a juvenile offender will reoffend when a more plausible explanation is that offenders who pose a higher risk of recidivism are more likely to receive block grant services." Additionally, "...Although the reports state that caution must be taken in drawing conclusions regarding outcome differences for juvenile offenders who receive block grant services and those who do not... the BSCC should cease from making such comparisons because the results could mislead decision makers regarding the effectiveness of realignment."

Summary of the BSCC's Response to BSA's Most Pervasive Concerns:

1. Many of BSA's criticisms of the BSCC's YOBG reporting rely upon an assumption of responsibility that far exceeds the legislative mandate. The BSCC has met all of its mandated reporting requirements. The BSCC never intended, nor does it advocate, that the information contained in the annual reports it submits to the Legislature for the YOBG program be used to draw conclusions about the "outcomes of realignment." BSA's suggestion that the BSCC's responsibilities for reporting on expenditures and outcomes for YOBG are one in the same with assessing the impact of juvenile realignment (or that the results reported for YOBG were ever intended to be used [or should be used] to assess the overall impact of juvenile realignment) is confounding. Although the BSCC now has a mandate to provide leadership for statewide realignment efforts, that only came into effect as of July 1, 2012.
2. BSA's assertion that counties should report data for their juvenile justice systems as a whole exceeds not only the legislative mandate but also the capability of most counties.

The legislation clearly requires counties to annually report expenditure and outcome data related to YOBG and similarly requires the BSCC to report that data to the Legislature. However, the notion that either counties or the BSCC would have the data needed to report on juvenile justice systems as a whole is unfounded. Moreover, the suggestion that the BSCC could measure the success of realignment given the limited scope of the YOBG legislation, the lack of data at both the State and local levels, and the lack of defined goals for the program, is misguided. It should be noted the BSCC has now submitted two annual reports to the Legislature, yet has received no feedback regarding a desire for more or different data than what has been provided.

3. Despite previous requests, the BSCC has not received funding to support administration of the YOBG program or expenditures. Approximately \$93 million is allocated to counties every year, yet no funding has been provided for administration or oversight of this program. Through a limited redirection of existing resources, the BSCC has been able to meet its mandate. To the extent there is interest in the BSCC performing additional work related to the YOBG program, the allocation of administrative funds is absolutely critical.

Recommendation/Action Needed:

Information only; no action required. Item will be placed on November BSCC Meeting Agenda for discussion.

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